

LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

Signal Bank, National Association
Charter Number: 23582

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Eagan, Minnesota 55121

Office of the Comptroller of the Currency

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NOTE: This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Signal Bank, National Association** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **October 2, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Limited-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

Institution's CRA Rating: This institution is rated "**Satisfactory.**"

The following table indicates the performance level of **Signal Bank, National Association (Signal)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Signal Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- y Signal's lending levels reflect good responsiveness to small business credit needs in the assessment area. The bank's business lending patterns, both in terms of borrower size and location, are near to the demographic characteristics of businesses in the assessment area.
- y Signal's level of investments shows adequate responsiveness to assessment area needs. Signal has particularly supported the needs of small businesses and of individuals who benefit from social service organizations.
- y Signal's retail banking services, including its office distribution and hours, are reasonable. The bank has shown a relatively high level of community development services by working with local community development organizations and providing them with various kinds of technical and financial assistance.

Description of Institution

Signal Bank, National Association (Signal) is headquartered in Eagan, Minnesota. As of June 30, 2000, Signal had total assets of \$356 million. It is an intrastate bank with five banking offices and seven ATMs, all located in the eastern portion of the Minneapolis - St. Paul Metropolitan Statistical Area.

On July 10, 2000, Signal merged with its sister bank, Park National Bank of St. Louis Park, Minnesota. Shortly before the merger, Park National Bank's assets totaled \$261 million. Because the merger occurred toward the end of Signal's CRA evaluation period, we generally did not consider the activities of the former Park National Bank in this evaluation.

Signal is a subsidiary of Signal Financial Corporation (SFC). SFC is headquartered in Mendota Heights, Minnesota and had total assets of \$945 million on June 30, 2000. SFC's one other bank subsidiary is Signal Bank South, National Association of Red Wing, Minnesota, which until recently was called Goodhue County National Bank. In addition to the two bank subsidiaries, SFC owns Signal Credit Services, Incorporated, an industrial loan and thrift company, and Signal Trust Company National Association, which provides trust services to customers of the affiliated banks.

Signal is a full-service bank and offers a wide range of commercial and retail products. Its primary lending focus is business lending. The bank is active in extending loans through Small Business Administration (SBA) programs and is a SBA preferred lender. In addition to business loans, Signal offers various residential and consumer loan products and does not make farm loans. On June 30, 2000, Signal's net loans represented 75% of its total assets. By dollar volume, the loan portfolio was comprised of commercial and commercial real estate (68%), residential real estate (22%), consumer (8%), and other (2%). Tier 1 capital totaled \$24 million at June 30, 2000.

There are no legal, financial, or other factors impeding Signal's ability to help meet the credit needs of its assessment area. Signal received a "Satisfactory" rating in its prior CRA Performance Evaluation, which was by the Federal Deposit Insurance Corporation and dated May 22, 1996.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for home mortgage loan originations was 1997 through 1999. Signal's prior CRA evaluation had covered HMDA loans originated through May of 1996. We chose not to evaluate the remaining 1996 HMDA originations. We did this primarily because the data was not as reflective of Signal's more recent lending activity and secondarily because it was data for just part of a year. We did not evaluate year-to-date 2000 originations because banks report HMDA data in whole years.

The evaluation period for small business loans was 1999. That was the first year for which Signal was subject to a CRA evaluation as a large bank and was required to collect and report data on small business loans. As with HMDA data, we did not evaluate year-to-date 2000 small business loan originations because banks report small business loan data in whole years.

The bank does not originate Small Farm Loans.

The evaluation period for CD loans, investments, and services was January 1, 1999, when the bank first became subject to a CRA evaluation as a large bank, through September 30, 2000, just before we began the evaluation.

At the request of Signal's management, we considered a qualified investment made by an affiliate, Park National Bank, when evaluating Signal's Investment Test performance. Park had made the specific investment when it was Signal's affiliate. Since that time, the two banks merged, as described in the Description of Institution section of this evaluation.

Data Integrity

We identified reporting errors in the bank's HMDA Loan Application Registers and CRA (small business loan) Disclosure Statement. The bank subsequently revised the data. We determined the revised data was sufficiently accurate for use in this evaluation. Due to the original reporting errors, the bank's publicly reported data is not accurate.

Selection of Areas for Full-Scope Review

We performed a full-scope review of the bank's only assessment area.

Ratings

When determining conclusions for the Lending Test, small loans to businesses were rated more heavily than home mortgage loan products. This weighting is because Signal originates significantly more small loans to businesses than it does home mortgage loans. As shown in Table 1, Signal originated more small loans to businesses during 1999 than it did home mortgage loans during the three-year period ending with 1999. The numbers of Signal's home mortgage loan originations were fairly evenly divided between home purchase, home improvement, and refinance loans. As a result, these three home mortgage loan categories contributed evenly toward the conclusions for home mortgage lending.

Other

We reviewed information from 13 community contacts in the bank's assessment area. The contacts were made by the OCC and other regulatory agencies within the last two years. They were with representatives of economic development initiatives, housing development or rehabilitation organizations, social service groups, and governmental units. The contacts indicated there is a wide range of needs and opportunities for banks in the areas of small business development, availability of affordable housing, and loans for home improvement or rehabilitation.

Fair Lending Review

An analysis of recent HMDA data, small business lending data, public comments, and consumer complaint information was performed according to the OCC's risk based analysis approach. The analysis of lending data revealed no significant differences for applicants by collected prohibited basis. In addition, an analysis of the consumer complaint data and public comments revealed no substantive fair lending issues that warranted a more detailed review.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "High Satisfactory" based on a full-scope review within Signal's assessment area.

Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

Signal's lending levels reflect adequate responsiveness to the credit needs for home mortgages and good responsiveness to small business credit needs. Community contacts had mentioned the need for both home mortgage loans and small business loans within the assessment area.

During 1997 through 1999, Signal originated 222 home mortgage loans, totaling \$19.8 million, within the assessment area. During 1998, the most recent year for which aggregate market data is available, Signal originated less than 1% of all HMDA loans originated within the assessment area. This is less than Signal's 2% deposit market share within the assessment area. Competition for home mortgage loans within the area is very strong. Signal's volume of HMDA originations increased approximately four-fold during 1999, the third year of the three-year evaluation period. This increase in volume occurred when Signal, rather than secondary market loan investors, began making credit decisions for loans Signal helps originate and then sells into the secondary market. Once Signal began making the credit decisions on these secondary market loan applications, it was able to show the resulting loan originations on its HMDA Loan Application Register.

During 1999, Signal originated 319 small business loans, totaling \$40 million, within the assessment area. Signal's market share for small business loans is not yet known. Signal first collected and reported small business loan data during 1999 and aggregate market data for that year was not yet available at the time of this evaluation. To put the volume of Signal's 1999 small business loan originations into perspective, we compared Signal's 1999 originations to market data for the previous year. That market data shows all reporting banks combined originated 7,839 loans totaling \$572 million in Signal's assessment area. Based on this comparison, Signal's small business loan market share appears much higher than its 2% deposit market share.

Distribution of Loans by Income Level of the Geography

The geographic distribution of both Signal's home mortgage loans and business loans is good.

Home Mortgage Loans

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is good.

Home purchase loan geographic distribution is good. The portion of home purchase loans made in moderate-income geographies equals the portion of owner-occupied housing units that are within those geographies. The bank made no loans in low-income geographies, although only 1% of the owner-occupied housing units in the assessment area are in such geographies. Because such a low percentage of the owner-occupied housing units are in low-income geographies, this resulted in fewer opportunities for Signal to lend in these assessment areas. As a result, we gave less weight to Signal's poor performance in the low-income geographies than to its good performance in moderate-income geographies. Signal's market share in moderate-income geographies significantly exceeds its overall market share for home purchase loans.

Home improvement loan geographic distribution is excellent. The portions of home improvement loans made in both low- and moderate-income geographies exceed the portions of owner-occupied housing units within those geographies. For moderate-income geographies in particular, Signal's lending performance exceeds the housing unit demographic by a significant amount. In addition, Signal's market share in moderate-income geographies significantly exceeds its overall market share for home improvement loans. It has no market share in low-income geographies because it did not originate home improvement loans in those areas during 1998, the most recent year for which market share information is available.

Refinance loan geographic distribution is good. The portion of refinance loans made in low-income geographies equals the portion of owner-occupied housing units within those geographies. The portion of the bank's refinance loans in moderate-income geographies is lower than the portion of owner-occupied housing units in those geographies. In 1998, Signal's market share in moderate-income geographies significantly exceeds its overall market share. Signal made no home mortgage loans in low-income geographies during 1998.

Small Loans to Businesses

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. The portion of Signal's small loans to businesses made in both low- and moderate-income geographies is near to the portion of businesses within those geographies. Market share information is not applicable because the bank did not collect and report data on its small loans to businesses during 1998, the most recent year for which the data is available.

Lending Gap Analysis

Maps and reports detailing Signal's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify any gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

Signal made an adequate percentage of loans in its assessment area. The bank originated 48 percent of its HMDA loans and 53 percent of its small loans to businesses within its assessment area. These lower ratios are largely attributable to unique arrangements Signal had with its sister banks and were not detrimental to the assessment area.

For home mortgage loans, Signal had an arrangement with both of its sister banks (one in Red Wing, Minnesota and the other the former Park National Bank in St. Louis Park, Minnesota). The staff of those banks did not originate home mortgage loans. Instead, Signal employees worked out of offices of those banks and originated home mortgage loans for their customers. The arrangement was made in order for SFC to minimize loan origination costs. While it resulted in a lower percentage of mortgage loans in Signal's assessment area, it was not detrimental to the bank's capacity to lend within its own assessment area. Signal generally sells the mortgage loans it originates into the secondary market, which provides Signal with the capacity to originate still more loans.

For small loans to businesses, the ratio is lower because the bank is a significant originator of SBA loans throughout the Minneapolis-St. Paul MSA and Signal's SBA lender has his office at the former Park National Bank. He originated SBA loans for both Signal and Park. SBA lending is an area of emphasis for the bank and it receives loan referrals from sources throughout the MSA.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of Signal's home mortgage loans is excellent and small loans to businesses is adequate.

Home Mortgage Loans

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is excellent.

Home purchase loan borrower distribution is good. The portion of home purchase loans made to moderate-income borrowers exceeds the portion of families in the assessment area that have moderate incomes. The portion of those loans made to low-income borrowers is significantly lower than the portion of families in the assessment area that have low incomes. Signal's market share of loans to low-income families exceeds its overall market share. Signal does not have a market share of loans to moderate-income families because it did not extend any home purchase loans to moderate-income families during 1998.

Home improvement loan borrower distribution is excellent. The portion of Signal's home improvement loans to both low- and moderate-income borrowers significantly exceeds the portion of families in the assessment area that have both low and moderate incomes. Signal's market shares of loans to both low- and moderate-income borrowers also significantly exceed its overall home improvement loan market share.

Refinance loan borrower distribution is excellent. The portion of Signal's refinance loans to moderate-income borrowers exceeds the portion of families in the assessment area that have moderate incomes. For low-income borrowers, Signal's portion of loans is near to the comparable demographic. Signal's market share of refinance loans to moderate-income borrowers exceeds its overall refinance loan market share. Signal made no refinance loans to low-income borrowers during

1998, so it has no market share.

Small Loans to Businesses

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate. The portion of Signal's small loans to small businesses (those with revenues of \$1 million or less) is near to the portion of businesses in the assessment area that are defined as small. Market share information is not applicable because the bank did not collect and report data on its small loans to businesses during 1998, the most recent year for which the data is available.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Signal made no community development loans during the evaluation period, which has a neutral impact on the bank's Lending Test performance.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusions. Signal originates mortgage loans under several programs that have flexible features and are targeted to low- and moderate-income borrowers. The flexible features include below-market interest rates and broad qualifying criteria. None of the programs is considered innovative.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Low Satisfactory" based on a full-scope within Signal's assessment area.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, Signal made four investments or grants totaling \$432,524. This volume of qualified investments is adequate. All of the qualified investments addressed area needs of small business development and social services for low- and moderate-income individuals. None are considered innovative or complex.

The significant majority of the bank's qualified investments relate its investment in Convergent Capital Partners I, Inc., which was established during 1999 under the Small Business Administration's Small Business Investment Company (SBIC) program. The purpose of this SBIC is to provide venture capital to businesses located primarily in several Midwestern states including Minnesota and potentially in Signal's assessment area. For the evaluation period, Signal funded the first \$377,000 of its \$1,333,000 total commitment to the SBIC. These totals actually represent the investment and commitment of both Signal and its former sister bank. After Park National Bank was merged into Signal during 2000, Signal assumed the combined commitments of the banks.

Signal also provided \$5,000 financial support to the Business Information Center. The Center promotes economic development for small businesses by providing assistance to small business owners, including start-up companies, in performing market and customer research and in preparing business plans.

In addition, Signal provided a total of \$50,000 of financial support toward charity golf tournaments in 1999 and 2000. Signal was a co-sponsor of the tournaments, which were fundraisers designed to benefit several local community service organizations. The organizations provide a variety of support, including self-sufficiency and job skills, to people with learning and developmental disabilities. The majority of the people helped by the organizations have low or moderate incomes.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory" based on a full-scope review within Signal's assessment area.

Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Signal Bank's delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area. The bank operates five full-service offices, three located in middle-income CTs and two in upper-income CTs. This branch distribution does not approximate the distribution of the population within the assessment area (3% and 13% of which is in low- and moderate-income geographies, respectively). Most of these low- and moderate-income geographies are contiguous and located in a region to the north of Signal's offices. Even though Signal's offices are not in the low- and moderate-income CTs of the assessment area, Signal is effective in originating small loans to businesses and home mortgage loans in low- and moderate-income geographies, as discussed in the Lending Test section of this evaluation.

Branch changes did not adversely affect the accessibility of the bank's delivery systems. Signal opened one branch and closed no branches during the evaluation period. The Burnsville branch opened during 1997 and Signal had to relocate it in 1999 after the building it had rented was sold.

Alternative delivery systems include telephone and Internet banking and cash-dispensing automated teller machines (ATMs). The bank has ATMs at each of its branches plus two that are not on bank premises. Because the bank does not maintain information on how low- and moderate-income individuals and geographies are impacted by these systems, we could not place much weight on them when drawing conclusions under the Service Test.

Business hours are reasonable and structured to accommodate customer needs. There are no material differences in the hours of operation between the bank's branches. All the branches offer Saturday lobby hours as well as drive through service.

Signal offers a full range of loan and deposit products. Services are materially the same at all locations, with the exception of commercial lending, which is centralized at the Eagan branch. Commercial customers of all branches are referred to a lender at this location. Commercial lenders meet with clients at any of the branches or at the client's home or place of business, including during the evening or on weekends.

Community Development Services

The bank provides a relatively high level of community development services. Employees of Signal Bank provide technical assistance and their financial expertise to 15 organizations that work on community development issues within the assessment area. Bank personnel serve as officers or board members for organizations that promote small businesses and that provide affordable housing and community services to low- and moderate-income individuals in the assessment area.

The following are examples of the community development services provided by the bank.

- y An officer of the bank serves on the advisory committee of the small business investment company (SBIC) in which the bank has also invested. The focus of the SBIC is to promote economic development in several Midwestern states including Minnesota and potentially in the bank's assessment area.
- y A bank employee serves on a loan committee of an organization that offers numerous programs for very financially disadvantaged people, including an emergency food shelf and financial assistance. The loan committee on which he serves helps the organization's clients obtain financing for automobiles.
- y A bank employee is involved as Treasurer and board member of a social service program for Dakota County residents. The program provides community services, including transportation and home making services, for low- and moderate-income elderly people and people with disabilities.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term "Full-Scope") and those that received a less comprehensive review (designated by the term "Limited-Scope").

Time Period Reviewed	Lending Test (excludes CD Loans): HMDA: January 1, 1997 to December 31, 1999 CRA Data: January 1, 1999 to December 31, 1999 Investment and Service Tests and CD Loans: January 1, 1999 to September 30, 2000	
Financial Institution	Products Reviewed	
Signal Bank, National Association Eagan, Minnesota	Small Business, Home Mortgage	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Park National Bank	Sister Bank	Qualified Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Signal AA	Full-Scope	Portion of Minneapolis/St. Paul MSA consisting of the Minnesota counties of Dakota, Ramsey, Scott, and Washington

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Signal AA	B-1
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Signal AA

Demographic Information for Full-Scope Area: Signal AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	240	5.83	17.08	56.67	17.92	2.50
Population by Geography	964,734	3.39	13.10	62.85	20.47	0.19
Owner-Occupied Housing by Geography	248,324	1.51	10.57	64.80	23.12	0.00
Businesses by Geography	38,238	4.42	10.23	65.80	19.48	0.07
Farms by Geography	1,497	1.47	3.47	79.29	15.76	0.00
Family Distribution by Income Level	250,301	16.56	18.06	27.76	37.61	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	86,667	6.30	20.99	61.77	10.93	0.00
Median Family Income	= \$43,063	Median Housing Value		= \$91,586		
HUD Adjusted Median Family Income for 1998	= \$63,600	Unemployment Rate		= 2.43%		
Households Below the Poverty Level	= 7.49%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 1999 HUD updated MFI.

Minneapolis-St. Paul is the fifteenth largest metropolitan area in the United States. The area has a thriving, diversified economic base. It is a major transportation and distribution hub for the Upper Midwest. It is also a center for electronics, medical instruments, health care, finance, entertainment and arts, printing and publishing, as well as for processing and transporting agricultural products. The area is home to ten FORTUNE 500 companies and several of the world's largest private companies. The greater metropolitan area ranks fourth among all U.S. cities with the most corporate headquarters. Unemployment is at a historically low rate. The thriving economy has contributed toward increased housing costs.

Signal's assessment area consists of a portion of the Minneapolis-St. Paul, MN-WI MSA #5120. It consists of the contiguous Minnesota counties of Dakota, Ramsey, Scott, and Washington. Signal has five offices, all located in the south central portion of the MSA. Signal has ATMs at each of its offices plus two that are not on bank premises. Signal offers a wide range of commercial and retail banking products and has a significant focus on business customers.

There is a wide range of credit and investment needs and opportunities within Signal's assessment area. They include financing for small business development, affordable housing, and home improvement or rehabilitation.

There is great competition among financial institutions in the area, although several larger financial institutions are dominant. The most active small business lenders in the assessment area are U.S. Bank, NA and Norwest Bank Minnesota, NA, with market shares of 27% and 14%, respectively. Signal's business loan market share is not yet available. U.S. Bank and Norwest also have the highest deposit market shares in the area, at 33% and 15%, respectively. In comparison, Signal held the seventh largest volume of deposits with a 2% deposit market share.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the Bank include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

Table 1. Lending Volume

LENDING VOLUME												
State: MINNESOTA												
Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1999												
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage**		Small Loans to Businesses**		Small Loans to Farms**		Community Development***		Total Reported Loans		% of Rated Area Loans(#) in MSA/AA
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Scope:												
Signal AA	100	222	19,800	319	40,175	0	0	0	0	541	59,975	100
Limited-Scope:												

(*) Deposit data as of June 30, 1999.

(**) The evaluation period for Home Mortgage Loans is January 1, 1997 to December 31, 1999 and for Small Loans to Businesses is January 1, 1999 to December 31, 1999.

(***) The evaluation period for Community Development Loans is January 1, 1999 to September 30, 2000.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE																State: MINNESOTA		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Signal AA	1	NA	11	11	65	64	23	25	188	.02	NA	.04	.02	.01	80	100			
Limited-Scope:																			

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(**) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT																State: MINNESOTA		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Signal AA	1	2	11	17	65	70	23	11	42	.38	NA	.80	.33	.38	63	100			
Limited-Scope:																			

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(**) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE																State: MINNESOTA		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Signal AA	1	1	11	7	65	65	23	27	328	.00	NA	.03	.00	NA	77	100			
Limited-Scope:																			

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(**) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES																State: MINNESOTA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans				
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Signal AA	4	3	10	9	66	62	20	26	NA	NA	NA	NA	NA	NA	319	100			
Limited-Scope:																			

(*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

(**) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE State: MINNESOTA Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Signal AA	16	8	18	20	28	27	38	45	188	.02	.03	NA	NA	.05	80	100
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 8% of loans originated and purchased by the bank.
 (**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT																
State: MINNESOTA																
Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Signal AA	16	37	18	27	28	18	38	18	42	.38	1.58	.54	.05	.23	63	100
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 2% of loans originated and purchased by the bank.
 (**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE				State: MINNESOTA				Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1999								
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Signal AA	16	14	18	20	28	33	38	33	328	.00	NA	.01	.01	NA	77	100
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 9% of loans originated and purchased by the bank.
 (**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES									
State: MINNESOTA			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 1999						
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Loans to Businesses	
	% of Businesses*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									
Signal AA	72	58	65	21	14	NA	NA	319	100
Limited-Scope:									

(*) Businesses with revenues of \$1 million or less as a percentage of all businesses.
 (**) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 8% of small loans to businesses originated and purchased by the bank.
 (***) Based on 1998 Aggregate Small Business Data only.
 (****) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		State: MINNESOTA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 1999					
MSA/Assessment Area:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share***		Total Small Farm Loans	
	% of Farms*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									
Signal AA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Limited-Scope:									

(*) Farms with revenues of \$1 million or less as a percentage of all farms.
 (**) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.
 (***) Based on 1998 Aggregate Small Farm Data only.
 (****) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: MINNESOTA Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2000									
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$≈s	#	\$ (000's)
Full-Scope:									
Signal AA	0	0	4	433	4	433	100	1	956
Limited-Scope:									

(*) Δ Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.

(**) Δ Unfunded Commitments means legally binding investment commitments that are tracked and reported by the bank's financial reporting system.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				State: MINNESOTA				Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2000									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in MSA/AA	# of Signal Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Signal AA	100	5	100	0	0	60	40	0	1	0	0	1	0	3	13	63	20
Limited-Scope:																	